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**ADMINISTRATION SUBMITS CBI, GSP AND SHIPBUILDING
TRADE LEGISLATION TO CONGRESS**

The Administration transmitted the United States Caribbean Basin Trade Enhancement Act (CBTEA) to the Congress in addition to legislation that would restart the GSP program and implement the OECD Shipbuilding Agreement. The purpose of the CBTEA proposal is to give Caribbean Basin countries enhanced market access and serve as a bridge toward the "Free Trade Area of the Americas".

"The U.S.- Caribbean Basin Trade Enhancement Act is part of an integrated Administration-wide strategy to advance economic progress and promote regional cooperation throughout the Caribbean," said U.S. Trade Representative Charlene Barshefsky. "In advancing this proposal now we signal our intention to expand trade with Caribbean countries on terms consistent with the objectives of the Free Trade Area of the Americas."

The legislation fulfills the President's commitment, made during his recent trip to Costa Rica and Barbados, to forward legislation to the Congress that would provide enhanced trade preferences to countries in the region. The bill would affect certain products that are presently not eligible for preferences under the CBI program, particularly textiles and apparel. The CBTEA would extend to eligible Caribbean Basin Initiative (CBI) beneficiary countries certain trade preferences essentially equivalent to those Mexico receives under the North American Free Trade Agreement (NAFTA).

Ambassador Barshefsky noted that the Administration had planned to introduce the CBTEA proposal as a free standing bill, but since CBI enhancement was included in the Ways and Means reconciliation bill, she is forwarding a proposal that the Administration supports in preference to the text in the reconciliation bill.

Under CBTEA, new trade preferences would be phased in as countries undertake appropriate policy measures that will prepare them for the FTAA. The benefits would remain in effect through fiscal year 2005, which is the date for concluding negotiation of the FTAA. In the meantime, the expanded economic development that will follow enactment of the U.S. Caribbean Trade Enhancement Act will stimulate economic growth among CBI countries, provide growing markets for U.S. products, and enhance the ability of our neighbors to strengthen democracy and security within their own borders.

Initially countries would receive approximately half of the tariff benefits that Mexico receives under the NAFTA, as well as quota free treatment for textile and apparel products meeting NAFTA rules of origin. After three years countries would be eligible for increased preferences up-to the full tariff benefits equal to the NAFTA.

Countries wishing to enjoy full CBTEA preferences would need to meet conditions with respect to: (1) compliance with the rules of international trade set forth in the WTO agreements; (2) intellectual property rights; (3) investment; (4) market access for certain goods; (5) workers' rights; (6) environmental protection; (7) narcotics enforcement; (8) anti-corruption; (9) tax information exchange; (10) government procurement; (11) customs valuation; and (12) the provision to certain products of the United States tariff treatment no less favorable than that afforded by a CBI country to other countries under any new free trade agreement

GSP Legislation Targets LLDCs

The President has proposed that the Generalized System of Preferences (GSP) be reauthorized for ten years for most program beneficiaries and made permanent for the least developed countries, most of which are in Africa. Long term reauthorization is especially important for the least developed countries. For lasting business relationships to be established based on GSP - a critical element of the President's African trade initiative - long term reauthorization is essential.

"The GSP program should be a tool to bring trade, economic reform, democracy and greater stability to the least developed countries of the world. That is exactly what this legislation is about," said Ambassador Barshefsky.

Consensus Proposal Advanced on Shipbuilding

The legislation submitted by the Administration to implement the OECD Shipbuilding Agreement effectively addresses such issues as our Title XI programs, loan guarantees, the Jones Act, U.S. military programs, monitoring and enforcement issues, and the possible adverse impact of non-member countries.

"Enactment of this legislation will make it possible for American shipbuilders to compete on an equal footing with their foreign competitors," said Ambassador Barshefsky. "Without the legislation, they will continue to be disadvantaged by huge foreign subsidies and predatory pricing practices the Agreement sought to eliminate."

The OECD Shipbuilding Agreement, which was concluded in late 1994, would eliminate government subsidies granted to aid the shipbuilding industry; set common rules for government financing programs for ship purchases; establish a mechanism to address the dumping of ships; and set an effective, binding dispute settlement mechanism to enforce these rules.